

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF THE SHARPSBURG WATER	)	
DISTRICT, OF BATH AND NICHOLAS COUNTIES,	)	
KENTUCKY, FOR (1) A CERTIFICATE OF	)	
PUBLIC CONVENIENCE AND NECESSITY,	)	
AUTHORIZING AND PERMITTING SAID WATER	)	
DISTRICT TO CONSTRUCT A WATERWORKS CON-	)	
STRUCTION PROJECT, CONSISTING OF	)	
EXTENSIONS, ADDITIONS AND IMPROVEMENTS	)	CASE NO. 8896
TO THE EXISTING WATERWORKS SYSTEM OF THE	)	
DISTRICT; (2) APPROVAL OF THE PROPOSED	)	
PLAN OF REFINANCING THE OUTSTANDING BONDS	)	
OF 1963 AND OF FINANCING OF SAID PROJECT;	)	
AND (3) APPROVAL OF THE INCREASED WATER	)	
RATES PROPOSED TO BE CHARGED BY THE	)	
DISTRICT TO CUSTOMERS OF THE DISTRICT	)	

O R D E R

IT IS ORDERED that Sharpsburg Water District ("Sharpsburg") shall file an original and six copies of the following information with the Commission by January 6, 1984. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case may be dismissed.

1. Exhibit P of the original application indicated annual depreciation expense of \$10,385 while the 1982 annual report and the test period income statement reports depreciation expense of \$8,308. Please explain this discrepancy.

2. Item 4 of Sharpsburg's response to the Commission's first information request includes copies of invoices in support of the reported level of repairs expense. The Commission has

noted that during the test period Sharpsburg had two motors rebuilt, one at a cost of \$326 and the second for \$1,260. Please explain why these expenditures were charged to expense versus capitalized.

3. Provide the estimated starting and completion dates of the proposed construction.

4. It is the Commission's policy to disallow depreciation associated with contributed property for rate-making purposes. Sharpsburg's June 30, 1983 balance sheet reflects total contributions of \$222,657, approximately 54 percent of Sharpsburg's utility plant in service. In order for the Commission to make an informed decision in this case, provide all information or arguments available in support of Sharpsburg's position on this issue.

5. Item 16 of Sharpsburg's response to Question 1 of the Commission's first information request indicated that Sharpsburg distributed 24,745,750 gallons of water during the test year. The billing analysis indicates 21,228,000 gallons were distributed. Please explain.

6. Provide the figure for the total dollar increase in revenue that the new rates will produce exclusive of the new customers to be added. If this information has been provided in any of the data previously submitted reference to its location will be sufficient.

7. Sharpsburg's Adjustment Number 4 indicates that the proposed budget includes a salary increase for the secretary/bookkeeper and system manager. However, it is not clear whether

the proposed salaries and payroll tax of \$17,500 includes this salary increase. Please explain how the projected salaries and payroll tax expense was determined. Also, include the percentage salary increase for the secretary/bookkeeper and the system manager.

8. Adjustment Number 8 indicates a projected annual expense of \$1,000 for fuel for office use. Please explain how this projection was determined.

Done at Frankfort, Kentucky, this 20th day of December, 1983.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

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Secretary